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DIRECTORATE OF INTELLIGENCE

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Israel - Arab States: Influential Israelis are urging the government to clarify its intentions regarding the occupied Arab territories.

During a recent review of Israeli policy by the secretariat of the dominant Israel Labor Party, members of the more extreme factions reportedly pressed the government to abandon the Eshkol-Eban policy of not revealing its intentions in this regard until negotiations with the Arabs are under way. These factions advocate that the occupied territories remain Israeli "peace or no peace" and want the government to take steps to ensure this.

Observers believe that the majority of the secretariat will support the Eshkol government at this time. As the Arab-Israeli impasse continues, however, pressure on the government from within the party to harden policies regarding the occupied territories may increase.

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Czechoslovakia: Infighting between conservative and progressive forces is becoming more intense, but moderate party leader Dubcek remains dominant.

Conservatives and some progressives are dissatisfied with the course of events in the country. The former wish at the very least to retain the status quo; the latter desire even more changes and at a rapid pace.

The strength of conservative opposition to further reform was demonstrated yesterday when 68 members of the 300-member National Assembly voted against the election of Josef Smrkovsky, a leading proponent of reform, as chairman. Forty-four abstained or were absent. The conservatives still hold many seats in the central committee of the party and were able to force the deletion of several innovative aspects from the "action program."

The progressives, who fear that holdovers from the Novotny regime will frustrate other political and economic changes, are becoming more vocal in their criticism both of the conservatives and Dubcek. They particularly resent that Ota Sik, the leading advocate of economic reform, was not made a member of the party presidium or chairman of the new National Economic Council. They reportedly plan to press for an extraordinary party congress to deal solely with the election of a new central committee.

Dubcek is pursuing a middle-of-the-road course, partly in deference to the factions in the party, and partly to allay Moscow's fears that the party would lose control of the situation. He must keep factionalism within bounds if he is to carry out his reforms.

According to a recent official announcement, Dubcek has specific responsibility for party organization, security, and defense matters. This clearly indicates that he is party leader in fact as well as name.

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Europe: Cuts in British space expenditures will have a serious impact on European cooperation.

London has decided to withdraw from the European Launcher Development Organization when its present commitments end in 1971. The British have also decided not to participate in a proposed European television relay satellite.

These decisions may spell the end both of the launcher organization and the European Conference for Telecommunications Satellites, leaving only the European Space Research Organization as a nucleus for cooperative efforts. The UK has indicated a desire to support the scientific aspects of the research organization.

Ambitious proposals for greater and more unified European efforts in space have been scheduled for discussion at a European Space Conference in July. The British apparently felt they should not wait until the last minute to register their belief that such programs only duplicate US efforts and are uneconomic.

Other Europeans will probably maintain their efforts in communications satellites. The British pullout from the development of more powerful European launchers will weaken the European bargaining position in the upcoming renegotiation of the INTELSAT accords—in which the Europeans hope to gain US agreement for a compatible European regional subsystem. The Europeans may now re-examine the possibilities for space cooperation with the US, and particularly for the purchase of launchers, in order to avoid dependence on a possible unilateral French effort.

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Sweden: The government has agreed to buy 175 Viggen fighters.

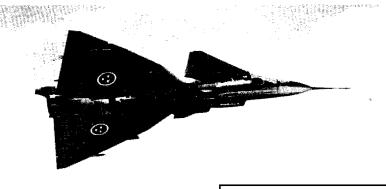
The Viggen, manufactured by SAAB, can fly in excess of Mach 2 and is designed to perform both as an all-weather interceptor and as a ground support fighter-bomber. The plane's ability to operate from runways as short as 1,650 feet and from stretches of highway will permit it to be deployed to widely dispersed sites. This feature will both improve the survival rate of the force in the event of surprise attack and increase its flexibility.

The 175 Viggens will cost about \$440 million, and deliveries are scheduled to begin in early 1971.

With Sweden's purchase of the Viggen and Denmark's purchase of 23 Draken fighters last month, officials of SAAB, Sweden's only aircraft manufacturer, believe they will be able to step up their export efforts. They plan to concentrate on the United Kingdom, Italy, Japan, and West Germany even though all these countries have indigenous aircraft industries.

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SWEDEN' S J-37 VIGGEN



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Panama: The bitter election campaign is entering its final month.

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President Robles has indicated he is not interested in recent suggestions that observers from the Organization of American States be invited to witness elections on 12 May. Opposition elements put forward this idea, and Robles probably fears acceptance would be interpreted as giving in to opposition pressure.

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Government lawyers are preparing petitions requesting injunctions against National Assembly deputies who participated in the impeachment trial of President Robles to prevent them from running for re-election. The government may intend in this way to encourage defections from opposition leader Arnulfo Arias.

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Brazil: Foreign Minister Magalhaes Pinto has again underscored his nationalistic approach to a number of subjects.

José Magalhaes Pinto

On the draft nonproliferation treaty, the foreign minister told Ambassador Tuthill that Brazil's official position is still that it has the sovereign right to develop nuclear devices for peaceful uses, that the draft treaty does not have adequate guarantees to prevent proliferation, and that the treaty is not "viable" because a number of powers could refuse to sign.

Magalhaes Pinto expressed willingness to discuss the treaty in Washington, but declared that if it were submitted to a vote at the UN he would go to the UN to oppose it.

In regard to diplomatic relations with Cuba, Magalhaes Pinto said he believes that, "if Latin American countries had more diplomats in Cuba, we might have fewer Cubans creating insurgency problems in our countries." Ambassador Tuthill comments that the foreign minister made it clear that he "favors resumption of relations," but did not indicate that he intended to take action soon.

The politically ambitious Magalhaes Pinto has pushed an "independent" foreign policy appealing to Brazilian nationalism. He will probably continue to use such "independence" for personal political gain.

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